

TRANSMITTAL AND NOTICE OF APPROVAL OF STATE PLAN MATERIAL

FOR: HEALTH CARE FINANCING ADMINISTRATION

1. TRANSMITTAL NUMBER:

0 3 — 0 1 7

2. STATE:

Vermont

3. PROGRAM IDENTIFICATION: TITLE XIX OF THE SOCIAL
SECURITY ACT (MEDICAID)

4. PROPOSED EFFECTIVE DATE

12/1/03

TO: REGIONAL ADMINISTRATOR
HEALTH CARE FINANCING ADMINISTRATION
DEPARTMENT OF HEALTH AND HUMAN SERVICES

5. TYPE OF PLAN MATERIAL (Check One):

☒ NEW STATE PLAN

☐ AMENDMENT TO BE CONSIDERED AS NEW PLAN

☐ AMENDMENT

COMPLETE BLOCKS 6 THRU 10 IF THIS IS AN AMENDMENT (Separate Transmittal for each amendment)

6. FEDERAL STATUTE/REGULATION CITATION:

SSA §1905 (a)(26) & §1934

7. FEDERAL BUDGET IMPACT:

a. FFY 2005 \$ (\$48,125)

b. FFY 2006 \$ (\$115,500)

8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT:

19c (03-17)

20c (03-17)

Att. 3.1A pg 11 (03-17)

Supp. 2 of Att. 3.1A pages 1,2,3,4,5 (03-17)

9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION
OR ATTACHMENT (If Applicable):

None Vermont (03-017)
Approved: 02/10/04
Effective: 12/01/04

10. SUBJECT OF AMENDMENT:

PACE State Plan Pages

11. GOVERNOR'S REVIEW (Check One):

☐ GOVERNOR'S OFFICE REPORTED NO COMMENT

☐ COMMENTS OF GOVERNOR'S OFFICE ENCLOSED

☐ NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL

Secretary of Administration
OTHER, AS SPECIFIED:
[Signature]

12. SIGNATURE OF STATE AGENCY OFFICIAL:

[Signature]

13. TYPED NAME:

~~Charles P. Smith~~ Charles P. Smith

14. TITLE:

Secretary, Agency of Human Services

15. DATE SUBMITTED:

11/12/03

16. RETURN TO:

Roxanne Doty
VT Dept. of PATH
103 South Main Street
Waterbury, VT 05671-1201

FOR REGIONAL OFFICE USE ONLY

17. DATE RECEIVED:

November 20, 2003

18. DATE APPROVED:

February 10, 2004

PLAN APPROVED - ONE COPY ATTACHED

19. EFFECTIVE DATE OF APPROVED MATERIAL:

December 1, 2004

20. SIGNATURE OF REGIONAL OFFICIAL:

[Signature]

21. TYPED NAME:

Bruce D. Greenstein

22. TITLE:

Associate Regional Administrator, DMCH

23. REMARKS:

The State revised the proposed effective date to December 1, 2004 and submitted new Attachment 4.19B, pages 19 and 20.

State of Vermont
PACE State Plan Amendment Pre-Print

Citation 3.1(a)(1) Amount, Duration and Scope of Services: Categorically Needy
(Continued)

1905(a)(26)
and 1934 X (xi) Program of All-Inclusive Care for the Elderly (PACE) services, as
described and limited in Supplement 3 to Attachment 3.1-A.

ATTACHMENT 3.1-A identifies the medical and remedial services provided to the categorically needy. (Note: Other programs to be offered to Categorically Needy beneficiaries would specify all limitations on the amount, duration and scope of those services. As PACE provides services to the frail elderly population without such limitation, this is not applicable for this program. In addition, other programs to be offered to Categorically Needy beneficiaries would also list the additional coverage -that is in excess of established service limits- for pregnancy-related services for conditions that may complicate the pregnancy. As PACE is for the frail elderly population, this also is not applicable for this program.)

State of Vermont
PACE State Plan Amendment Pre-Print

Citation 3.1(a)(2) Amount, Duration and Scope of Services: Medically Needy (Continued)

1905(a)(26)
and 1934

DRAFT
___X___ (xii) Program of All-Inclusive Care for the Elderly (PACE) services, as described and limited in Supplement 3 to Attachment 3.1-A.

ATTACHMENT 3.1-B identifies services provided to each covered group of the medically needy. (Note: Other programs to be offered to Medically Needy beneficiaries would specify all limitations on the amount, duration and scope of those services. As PACE provides services to the frail elderly population without such limitation, this is not applicable for this program. In addition, other programs to be offered to Medically Needy beneficiaries would also list the additional coverage -that is in excess of established service limits- for pregnancy-related services for conditions that may complicate the pregnancy. As PACE is for the frail elderly population, this also is not applicable for this program.)

TN No.: 03-17
Supersedes
TN NO.: n/a

Approval Date 02/10/04
Effective Date 12/1/04

State of Vermont
PACE State Plan Amendment Pre-Print

AMOUNT, DURATION AND SCOPE OF MEDICAL
AND REMEDIAL CARE SERVICES PROVIDED TO THE CATEGORICALLY NEEDY

27. Program of All-Inclusive Care for the Elderly (PACE) services, as described in Supplement 3 to Attachment 3.1-A.

 X Election of PACE: By virtue of this submittal, the State elects PACE as an optional State Plan service.

 No election of PACE: By virtue of this submittal, the State elects to not add PACE as an optional State Plan service.

Supplement 2 to Attachment 3.1-A
Page 1
State of Vermont
PACE State Plan Amendment Pre-Print

Name and address of State Administering Agency, if different from the State Medicaid Agency.
(not applicable)

I. Eligibility

The State determines eligibility for PACE enrollees under rules applying to community groups.

A. The State determines eligibility for PACE enrollees under rules applying to institutional groups as provided for in section 1902(a)(10)(A)(ii)(VI) of the Act (42 CFR 435.217 in regulations). The State has elected to cover under its State plan the eligibility groups specified under these provisions in the statute and regulations. The applicable groups are: (If this option is selected, please identify, by statutory and/or regulatory reference, the institutional eligibility group or groups under which the State determines eligibility for PACE enrollees. Please note that these groups must be covered under the State's Medicaid plan.)

B. The State determines eligibility for PACE enrollees under rules applying to institutional groups, but chooses not to apply post-eligibility treatment of income rules to those individuals. (If this option is selected, skip to II - Compliance and State Monitoring of the PACE Program.

C. X The State determines eligibility for PACE enrollees under rules applying to institutional groups, and applies post-eligibility treatment of income rules to those individuals as specified below. Note that the post-eligibility treatment of income rules specified below are the same as those that apply to the State's approved HCBS waiver(s).

Regular Post Eligibility

1. X SSI State. The State is using the post-eligibility rules at 42 CFR 435.726. Payment for PACE services is reduced by the amount remaining after deducting the following amounts from the PACE enrollee's income.

(a). **Sec. 435.726**--States which do not use more restrictive eligibility requirements than SSI.

(1.) Allowances for the needs of the:

Supplement 2 to Attachment 3.1-A
Page 3
State of Vermont
PACE State Plan Amendment Pre-Print

(C.) Family (check one):

- 1. ☐ AFDC need standard
- 2. ☐ Medically needy income standard

The amount specified below cannot exceed the higher of the need standard for a family of the same size used to determine eligibility under the State's approved AFDC plan or the medically needy income standard established under 435.811 for a family of the same size.

- 3. ☐ The following dollar amount: \$ _____
Note: If this amount changes, this item will be revised.
- 4. ☐ The following percentage of the following standard
that is not greater than the standards above: _____ %
of _____ standard.
- 5. ☒ The amount is determined using the following formula:
**The maintenance income standard is reduced by
the gross income of each family member and
divided by three. When family members do not live
with the community spouse of the person living in a
nursing facility, the deduction equals the applicable
protected income level for the number of family
members living in the same household as the family
member, reduced by the gross income, if any, of the
family members in the household.**
- 6. ☐ Other
- 7. ☐ Not applicable (N/A)

(2). Medical and remedial care expenses in 42 CFR 435.726.

Supplement 2 to Attachment 3.1-A
Page 4
State of Vermont
PACE State Plan Amendment Pre-Print

Spousal Post Eligibility

3. X State uses the post-eligibility rules of Section 1924 of the Act (spousal impoverishment protection) to determine the individual's contribution toward the cost of PACE services if it determines the individual's eligibility under section 1924 of the Act. There shall be deducted from the individual's monthly income a personal needs allowance (as specified below), and a community spouse's allowance, a family allowance, and an amount for incurred expenses for medical or remedial care, as specified in the State Medicaid plan.
- (a.) Allowances for the needs of the:
1. Individual (check one)
 - (A). X The following standard included under the State plan (check one):
 1. SSI
 2. Medically Needy
 3. The special income level for the institutionalized
 4. Percent of the Federal Poverty Level: %
 5. X Other (specify): **The medically needy income level for two in Chittenden County.**
 - (B). The following dollar amount: \$
Note: If this amount changes, this item will be revised.
 - (C). The following formula is used to determine the needs allowance:
If this amount is different than the amount used for the individual's maintenance allowance under 42 CFR 435.726 or 42 CFR 435.735, explain why you believe that this amount is reasonable to meet the individual's maintenance needs in the community:

II. Rates and Payments Please see Attachment 4.19 B.

III. Enrollment and Disenrollment

The State assures that there is a process in place to provide for dissemination of enrollment and disenrollment data between the State and the State Administering Agency. The State assures that it has developed and will implement procedures for the enrollment and disenrollment of participants in the State's management information system, including procedures for any adjustment to account for the difference between the estimated number of participants on which the prospective monthly payment was based and the actual number of participants in that month.

**METHODS AND STANDARDS OF ESTABLISHING PAYMENT RATES -- OTHER
MEDICAL CARE** (Continued)

PAYMENT TO PACE PROVIDERS

Rates and Payments

- A. The State assures HCFA that the capitated rates will be equal to or less than the cost to the agency of providing those same fee-for-service State plan approved services on a fee-for-service basis, to an equivalent non-enrolled population group based upon the following methodology. Please attach a description of the negotiated rate setting methodology and how the State will ensure that rates are less than the cost in fee-for-service.
1. X Rates are set at a percent of fee-for-service costs
 2. Experience-based (contractors/State's cost experience or encounter date)(please describe)
 3. Adjusted Community Rate (please describe)
 4. Other (please describe)
- B. The State Medicaid Agency assures that the rates were set in a reasonable and predictable manner. Please list the name, organizational affiliation of any actuary used, and attestation/description for the initial capitation rates.
- C. The State will submit all capitated rates to the HCFA Regional Office for prior approval.

Vermont calculates the Upper Payment Limit and Payment Rates for PACE as follows:

Data Source

- Paid claims data and historical eligibility for SFY 2000, 2001 and 2002 (July 1, 1999- June 30, 2002)
 - Analysis does not include transactions outside of claims system
 - Nursing Facility expenditures adjusted for wage supplements
 - Excludes Qualified Medicare Beneficiaries (QMBs)

METHODS AND STANDARDS OF ESTABLISHING PAYMENT RATES -- OTHER
MEDICAL CARE (Continued)

PAYMENT TO PACE PROVIDERS (continued)

Methodology

- Identify potential participants for PACE (requirements of long term care services)
 - Categories of Service 05-01 and 05-02 (NF) and 27-01 (HCBS)
 - Excludes recipients of MR clinic services, long term mental health services and assistive community care services
 - Individuals age 55 and older
 - Statewide data
- Identify individuals eligible for Medicaid only and individuals eligible for both Medicaid and Medicare (Duals)
- Calculate member months
- Aggregate paid Medicaid claims
- Calculate historical PMPM values
- Develop adjustments to historical data
 - Claims lag factors
 - Increased utilization due to enhanced access
 - Drug Rebates
- Calculate UPL
 - Define blend of NF and HCBS
 - PACE conventional approach is: $60\% \text{ NF} / 40\% \text{ HCBS} - \text{UPL} = \text{NF PMPM} \times \text{NF}\% + \text{HCBS PMPM} \times \text{HCBS}\%$
- Calculate PACE rate
 - Program savings assumption of ten percent